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SUBJECT: SCENESETTER FOR SECDEF RUMSFELD

¶1. (U) SUMMARY: Post welcomes the Secretary of Defense, the Honorable Donald Rumsfeld, to Nicaragua for attendance at the Seventh Defense Ministerial of the Americas. In conjunction with the Office of the Secretary of Defense, the Minister of Defense of Nicaragua and the United States Defense Attache Office, Managua, an agenda has been developed which addresses regional interests, especially as they pertain to regional security and stability, upcoming elections with major political parties, professionalization of the Nicaraguan Military and status of the Man Portable Air Defense Systems which the Nicaraguan Armed Forces currently maintain. This scenesetter offers military political, and election 2006 overviews. Planned SecDef activities and itineraries have been coordinated under separate cover. This cable is organized as follows:

- Military Background
- Political Background
- The 2006 Elections

END SUMMARY.

Military Background

¶2. (U) Formed from the cadres of the 1970Qs revolutionary phase, the Nicaraguan Armed Forces are based in the Sandinista Revolution. All of the senior military officers have their roots in this time period. The last two Chiefs of the Armed Forces have focused their tenures on the professionalization of their forces. The issue of Nicaraguan ownership of thousands of Man Portable Air Defense Systems (MANPADS) has been an overarching National Security issue with the USG in terms of limiting, reducing and, eventually, completely eliminating their stocks of these weapon systems. While early progress was made with 1000 being destroyed between May and November of 2004, the goal of achieving 80% reduction of these stocks by the end of 2005 has fallen woefully short, due in large part to the passage of Law 510 by the National Assembly that any further destructions must be initiated and approved by 2/3 (supermajority) of the Nicaraguan National Assembly. In March of 2005 progress was made in the form of an amendment to Article 139 of Law 510 which changed this vote from 2/3 approval to one of a simple majority.

¶3. (U) In 1979 the Sandinista National Reconstruction Government, with the approval of Violeta Chamorro and Daniel Ortega, expropriated in excess of 60 properties which were owned by citizens of the United States. Many of these properties were turned over to the Nicaraguan Armed Forces for the military to use as they saw fit. This usage ranged from office spaces to private homes for active and retired General Officers. To date more than 20 properties have either been returned to their original owners, or the owners have been compensated in some manner for the property. Approximately 36 properties remain under dispute and in the hands of the Nicaraguan Armed Forces.

¶4. (U) It is recommended that the following issues be raised both with Minister of Defense Avil Rammrez Valdivia and Army Chief (CHOD) General Moises Omar Halleslevens Acevedo:

¶A. Efforts to improve civilian-military relations and civilian control over the military are appreciated and are to be commended.

¶B. The USG looks forward to the next destruction of MANPADS. The USG is pleased to note that the National Assembly, while requiring a vote to continue destruction, restructured the passage process to only require a simple majority (47 of 90 deputies) rather than a supermajority (56 of 90 deputies) of the Assembly.

¶C. The GON has presented its MANPADS destruction as a good faith effort towards regional arms limitation through SICA (the Central American Integration Secretariat). USG supports this effort and applauds efforts to promote a Central American security strategy towards regional security threats, especially terrorism and illegal trafficking in persons and narcotics. The USG realizes that these cooperative regional efforts will require continuing support from the United States.

¶D. The situation involving the property rights of more than 30 United States citizens whose properties were confiscated and are being held by the Nicaraguan Army continues to be of concern to the USG. Steps must be taken to settle these claims as quickly and equitably as possible.

¶5. (U) It is expected that the Nicaraguans will raise the following issues:

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¶A. Greater U.S. financial assistance for the Nicaraguan military. It is suggested that any answer be couched in terms of acknowledging the challenges facing the country and the region, but expecting the destruction of MANPADS to move forward (this last piece may be OBE if the National Assembly votes for destruction during the September meetings).

¶B. USG to exert pressure on the Government of Honduras to destroy its F-5 bomb racks as part of the SICA Arms Limitation Initiative, which would help Bolaños maintain support for the destruction of Nicaragua's MANPADS.

¶C. CFAC (Conferencia de Fuerzas Armadas-Armed Force Conference) has been regarded as the mechanism for regional cooperation, but has limitations. GON is concerned that it is a military organization and minimizes civilian participation, as well as the fact that it excludes Costa Rica, Belize, and Panama. It is suggested that any response acknowledge the importance of CFAC as it pertains to regional stability and cooperation, understanding that civilian oversight and transparency with regional alliances is a relatively new concept which will take time, effort and patience to resolve. The countries which are excluded are so owing to the fact that none of these countries have standing militaries, yet still face the same threats that menace the region as a whole, and as such these countries should be encouraged to participate.

Political Background

¶6. (U) Since the inception of democratic rule in Nicaragua in 1990, political power has been contested between two majority forces: the Liberals on the right, and the Sandinistas on the left. The civil war and economic mismanagement in the 1980s, and the Sandinista giveaway of government property to party leaders in 1990 (the

"pinata"), turned a significant majority of the population against the Sandinista Front (FSLN), preventing the FSLN from winning national elections in 1990, 1996 and 2001.

¶17. (U) Nicaragua's opposition forces came together under the United National Opposition (UNO) to win the 1990 elections, but soon splintered apart. The Liberal Constitutional Party (PLC) emerged as the dominant Anti-Sandinista force.

¶18. (U) Discontent grew within the FSLN after the 1990 "pinata" of FSLN leader Daniel Ortega and Ortega's continued electoral defeats during that decade. Some leftist elements broke away from the FSLN during this period, most notably the Sandinista Renovation Movement (MRS) under the leadership of revolutionary activist Dora Maria Tellez.

¶19. (U) The PLC and Arnaldo Aleman emerged victorious in the 1996 national elections, but were unable to gain a supermajority in the National Assembly, which would have allowed the party to name Supreme Electoral Council (CSE) and Supreme Court (CSJ) magistrates without Sandinista votes. This situation led to a political pact between the PLC and FSLN to divide control of the institutions of government between the two parties, which has continued to the present time.

¶10. (U) Before the 2001 election, the PLC was able to bring most of the smaller democratic parties into an alliance. Aleman personally selected Enrique Bolanos as the alliance's presidential candidate as well as many of the National Assembly and Central American Parliament deputy candidates. Bolanos won the election and instituted an anti-corruption campaign.

¶11. (U) In 2003, Aleman, who pilfered tens of millions of dollars from state coffers, was convicted of fraud and money laundering, stripped of his parliamentary immunity and sentenced to 20 years in prison. This process caused a great upheaval in the Liberal ranks and when the dust settled, a small number of Liberal and Conservative deputies broke from the PLC alliance to form a new political caucus to support Bolanos, but the vast majority remained loyal to Aleman. The disaffected Conservatives and Liberals, unhappy with Aleman's continued influence in the PLC, formed the Alliance for the Republic (APRE), a party loyal to and supported by the Bolanos administration.

¶12. (U) Ortega manipulated the pact with the PLC and Sandinista control of the judiciary to allow greater degrees of freedom for Aleman in exchange for concessions to the FSLN in the CSE and CSJ. He is now allowed to move about Managua freely under Qmedical paroleQ.

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¶13. (U) Having won comfortable majorities since 1990, the Liberals lost badly in the 2004 municipal elections. The Sandinistas won 88 of 152 municipalities, the PLC 58, APRE five, and the PRN one. The Sandinistas claimed victory with a plurality of the vote in most of their 88 municipalities, with the PLC, APRE and other minor parties dividing the anti-Sandinista vote.

The 2006 Elections

¶14. (U) Three candidates emerged in 2005 to challenge the Aleman-Ortega pact. Excluded from the majority parties by the two caudillos, Sandinista dissident Herty Lewites broke from the FSLN to head the MRS ticket, and Liberal dissident Eduardo Montealegre formed the Nicaraguan Liberal Alliance (ALN) out of PLC dissidents, the PC, PRN, and other small democratic parties. PLC outcast and prominent Bolanos Administration official Jose Antonio Alvarado ran as the

APRE candidate.

¶15. (U) The Christian Alternative (AC) party left Lewites' alliance, changed its name to Alternative for Change and chose the erratic Eden Pastora as its presidential candidate. Jose Antonio Alvarado became Jose Rizo's running mate in the PLC, but APRE joined the ALN.

¶16. (U) The political upheaval did not end in May -- MRS candidate Lewites died from heart complications in early July. Lewites' running mate Edmundo Jarquin assumed the candidacy and MRS leadership convinced popular Sandinista revolutionary songwriter Carlos Mejia Godoy to accept the vice presidential nomination. Despite predictions among some pundits that MRS votes would migrate to the FSLN, or perhaps the ALN, Jarquin's poll numbers remain similar to Lewites'. However, the shift of Liberal politicians back and forth between the PLC and ALN, depending on their calculation of personal benefit, continues

¶17. (U) The bad blood caused by the ongoing PLC smear campaign and Rizo's insistence on remaining a Presidential candidate, make a union of the liberal parties increasingly unlikely. With the Sandinistas also divided into two parties, it appears there will be five candidates on November 5.

¶18. (U) The latest CID-Gallup-sponsored official poll released at the end of August showed the following results for the parties:

FSLN:	29%
ALN:	23%
PLC:	14%
MRS:	14%
AC:	1%
None:	19%

¶19. (U) As with earlier polls, the CID-Gallup poll showed that the FSLN would lose in a second round and the ALN would be the likely winner. Thus the FSLN is focusing all its efforts on a first round victory by leveraging a pact-inspired change in the Electoral Law that enables a front-running candidate to win the election in the first round with only 35 percent if there is a five percent lead over the next most popular contender.

¶20. (U) On September 13, CNN and Channel 2 co-sponsored a presidential debate featuring Montealegre, Rizo, Jarquin and Pastora. Daniel Ortega did not participate, declaring the debate format "artificial." According to M and R, 113,000 households in Managua watched the debate and Jarquin was perceived as the winner, followed by Montealegre. Jarquin, about whom there were initial doubts because he lacks Lewites' charisma, continues to perform well and draw voters from both the FSLN and ALN.

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